



# BULLETIN

Volume 8, Issue 4

May, 2002

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## Risk Management Division:

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## Risk Management Division

### Mission Statement

*To protect the assets of the State of North Dakota - its people, property, and financial resources - so that the State can continue to meet its obligations to its citizens.*

## Total The ^ Costs of Risk



**B**y the time you read this article you will have received the notice advising you of your entity's required contribution to the Risk Management Fund for the 2003-2005 biennium. As we reported during the 2002 Risk Management Seminar, the increased contribution is the result of a number of factors—some that are under our control (successful proactive loss control) and some that are not (the hard insurance market).

This *Bulletin* is dedicated to providing you with the tools to ensure your State entity realizes its full potential savings to its *Costs of Risk*.

At the seminar we learned that in factoring our *Costs of Risk* not only do we have to consider the dollar amounts that are easily identifiable—the direct costs of loss such as contribution or premium costs, paid losses and expenses; but we need to also recognize the indirect or hidden costs of loss. Those indirect costs include lost time of injured employees, damage to equipment, failure to deliver, lost productivity, and can result in additional

costs ranging from 10 to 20 times direct costs. It was pointed out that the state of North Dakota's indirect *Costs of Risk* could be as much as \$60 million to \$120 million a year. Those are dollars that could be spent on services, facilities or salaries.

The proactive loss control measures required for State entities to qualify for the 10% discount will not only reduce their direct cost of loss (their contribution to the Risk Management Fund) but will also reduce the State's total indirect costs of loss and free up those dollars for other uses.

Note the tools contained in this *Bulletin* that have been designed to help you set a program in motion to accomplish those loss control efforts and gain the resulting reductions in cost.

Future *Bulletins* will contain articles to give you timely updates to make sure you are on track with establishing the procedures and meeting the requirements.

Together we can develop an effective, efficient process that will benefit all of our programs.

# Effective Use of Your Entity's Loss Control Committee



*Loss  
Control  
Tools*

## *Website Resources*

**Flexibility** - There was a reoccurring theme at the 2002 Risk Management Seminar to encourage State entities to find ways to effectively use Loss Control Committees. Section 4.2 of the Risk Management Manual provides an in-depth discussion of a Loss Control Committee's (LCC) activities that are designed to address the entity's costs of risk. However, this is one of those times where we need to change our paradigm—think outside of the box. A successful LCC can be a vehicle to promote communication between management and staff as well as address safety and costs of risk issues.



Often times the LCC functions in a vacuum. The members perform their assigned tasks but no one except the LCC members know what the committee is accomplishing.

Members of the LCC should be a cross-section of your entity's employees and *all staff* - not just members of the LCC - should be encouraged to propose issues to be addressed by the LCC. The committee's determinations and recommendations should then be communicated back to the employees. While all issues raised may not be able to be immediately resolved, often just being provided an opportunity to voice ideas or concerns can promote buy-in to an entity's loss control program. So, work toward communicating the LCC's activities to the entity's employees and the employees' issues to the LCC.

**Requirements** - Of course, there can be no flexibility in the activities of the LCC that are required for an entity to qualify for the RM Discount Programs or those that are governed by statute. For example, all of the items listed in the proposed LCC annual agenda on page 3 of this *Bulletin*, must be accomplished by

a LCC in a year's time. The agenda is an attempt to spread the duties equally throughout the timeframe. For example, note that we have included the review of and training on Sexual Harassment, Workplace Violence, Hostile Work Environment and Substance Abuse in the April meeting to accommodate those agencies that have decided to include the review in the annual performance reviews. This agenda can certainly be revised to meet an entity's requirements. However, all issues identified need to be addressed.

Reporting that an Executive Session of the meeting was held will document compliance with the requirement to review all agency/facility incidents or accidents to determine cause. (Questions 6 and 2 of the application forms.) Remember, there should not be a detailed report of the LCC's discussions during the executive session portion of the meeting. The Minutes should simply reflect: 1) the name of the committee member who made a motion and who seconded the motion that was passed to hold an executive session, 2) the topics to be discussed or considered during the executive session, 3) the names of the members attending the executive session, and 4) the time period covered by the executive session. The executive session must be recorded electronically and those recordings retained for a year.

*Remember, Public notices of the LCC meetings containing the date, time, location, and topics to be considered (including that lawsuits, claims, and incident reports will be reviewed during the meeting's executive session) must be posted at the principal office of the governing body and with the Secretary of State when the board members are notified of the meeting. The notice is also to be posted at the location of the meeting on the day of the meeting. For regularly scheduled meetings, the schedule with the above information can be filed annually in January with the Secretary of State.*

During the recent Seminar we discussed the fact that employment practices liability (EPL) is the most costly type of claim administered by the Risk Management Fund. You were made aware of the importance of implementing effective EPL practices which include 1) developing policies and procedures to address these exposures, 2) disseminating the policies and procedures to employees, 3) documenting the dissemination, and 4) properly responding to an allegation of inappropriate workplace behavior.

To assist in the policy development process and documenting that process sample Sexual Harassment, Workplace Violence, Hostile Work Environment, Substance Abuse, Proper Internet/E-mail Use in the Workplace policies, have been posted on our web site at [www.state.nd.us/risk/safetylosscontrol/html](http://www.state.nd.us/risk/safetylosscontrol/html).

To assist in disseminating the policies and procedures to employees and documenting that process on the website you will find an Employee Acknowledgment form which we recommend be incorporated into the employee's annual

| Month          | <b>Schedules for Portions of Quarterly Loss Control Committee Meeting Agendas Specific to Qualifying for the RMF and RMWCP Discounts</b>   |
|----------------|--|
| <i>April</i>   | <p><u>Old Business:</u></p> <ol style="list-style-type: none"> <li>1. Report in minutes that the Designated Medical Provider (DMP) program (see January meeting New Business assignment) was reviewed for adequacy and properly communicated.</li> <li>2. Report in minutes the adequacy of and documentation of (a) essential job functions, (b) minimum safety standards, (c) safety guidelines, and (d) ergonomics, safety rules, safe operating procedures and claims management principles.</li> </ol> <p><u>New Business:</u></p> <ol style="list-style-type: none"> <li>1. Report in LCC minutes the name(s) of committee member(s) who will be attending the annual Risk Management Seminar.</li> <li>2. Complete RMF Contribution Discount Program Application.</li> <li>3. Complete RMWCP Discount Application.</li> <li>4. If Minutes of the quarterly LCC meetings have not been forwarded to Risk Management Division, submit them (or a report of the LCC's activities) along with the applications for the Discounts.</li> <li>5. Discuss entity's procedure to train entity employees on Sexual Harassment, Workplace Violence, Hostile Work Environment and Substance Abuse. (Review Risk Management's recommended procedure in <i>Loss Control Tools</i> column of the February 2001 Bulletin.) <ul style="list-style-type: none"> <li>✓ Assign duty to review policies for adequacy.</li> <li>✓ Assign duty to document employee training on these policies.</li> </ul> </li> </ol> |
| <i>July</i>    | <p><u>Old Business:</u> Report in Minutes that the Sexual Harassment, Workplace Violence, Hostile Work Environment and Substance Abuse policies were reviewed for adequacy and that training by all employees has been completed and documented.</p> <p><u>New business:</u></p> <ol style="list-style-type: none"> <li>1. Report in LCC minutes that Committee reviewed Section 4 of the RM Manual and questions 1-4 of the RMF Application form. <ul style="list-style-type: none"> <li>✓ Report if in compliance or report what items need to be addressed.</li> <li>✓ Assign duties to bring LCC into compliance with questions 1-4.</li> </ul> </li> <li>2. Assign committee members to review and report back to LCC on the adequacy of Fire, Natural Disaster, Severe Weather, and Bomb Threat policies and to schedule employee training on those policies.</li> </ol>   |
| <i>October</i> | <p><u>Old Business:</u></p> <ol style="list-style-type: none"> <li>1. If LCC could not document in April Minutes that entity was in compliance with questions 1-4 of the Application, document how the discrepancies have been addressed.</li> <li>2. Report in Minutes that Fire, Natural Disaster, Severe Weather, and Bomb Threat policies were found to be adequate and if training was completed or when it is scheduled to be completed.</li> </ol> <p><u>New business:</u></p> <ol style="list-style-type: none"> <li>1. Assign duties to complete inspections of your facility or facilities.</li> <li>2. Assign committee members to review and report back to LCC on adequacy of the agency/facility Contingency and Records Management Plans.</li> </ol>  |
| <i>January</i> | <p><u>Old Business:</u></p> <ol style="list-style-type: none"> <li>1. Report in Minutes that training on Fire, Natural Disaster, Severe Weather, and Bomb Threat policies has been completed and documented through sign-up sheets.</li> <li>2. Report in Minutes review of inspection reports and action(s) taken to address identified discrepancies.</li> <li>3. Report in Minutes on review of Contingency and Records Management Plans and action(s) taken to address identified discrepancies.</li> </ol> <p><u>New Business:</u></p> <ol style="list-style-type: none"> <li>1. Assign duties to determine if a Designated Medical Provider (DMP) has been designated by the agency/facility, that the DMP has been notified of their selection, and that employees have been informed of the DMP and provided an opportunity to select an alternate DMP.</li> <li>2. Assign duties to determine if documentation is on file of (a) the entity's essential job functions for each job category, (b) the entity's minimum safety standards are posted, (c) safety guidelines have been developed, and (d) all employees have been trained on the entity's ergonomics, safety rules, safe operating procedures and claims management principles.</li> </ol>  |

## Risk Management Division

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### CHECK IT OUT!!

Please check your address label.  
Report any corrections to our office.

## BULLETIN

performance review document.

continued on page 4

continued from page 2

To ensure a complaint or allegation of harassment, violence or discrimination is properly responded to and documented, a Risk Management Incident Report Form (SFN 50508) should be completed by the state employee that an allegation of inappropriate workplace behavior is reported to. Line supervisors generally should not attempt to resolve such issues alone but should notify top management and human resource personnel for an organizational response. It is also recommended that legal counsel be included in the process.

The employer's response needs to be carefully documented. To assist in that process, we have posted a document titled "Response to Complaints of Harassment, Violence and Discrimination" on our [www.state.nd.us/risk/safetylosscontrol.html](http://www.state.nd.us/risk/safetylosscontrol.html) website. The document explains how to respond to a complaint,



### Loss Control Tools

evaluate the complaint, plan an investigation, conduct the investigation, evaluate the information, prepare an investigation report, take corrective action, and document the process.

Please be sure your human resource

- \* 2002 Seminar handout material now posted on our website
- \* Remember, an effective way to ensure needed follow-up to an incident is addressed is to attach a work order to the incident report when appropriate.

### Risk Management Division Website Features

Visit our website at [www.state.nd.us/risk/](http://www.state.nd.us/risk/) for standard and updated features including:

- ♦ Personnel e-mail and telephone directory
- ♦ Risk Management Manual
- ♦ Reporting Forms (following page 3.5-1 of the manual)
  - \* Incident Report (SFN 50508)
  - \* Notice of Claim (SFN 50552)
  - \* Motor Vehicle Accident Report (SFN 51301)
  - \* Destruction Hold Notice (SFN 52376)
- ♦ Facility Audit and Inspection Checklists (Page 4.3-1)
- ♦ Emergency and Disaster Procedures (Pages 4.5-1 through 4.6-5)
- ♦ Facility Use Agreement Form (Page 5.2-2)
- ♦ Waiver Forms (Pages 5.2-3 & 4)
- ♦ Risk Management Bulletins